

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

**PURDUE PHARMA L.P., *et al.*,

Debtors.**

Chapter 11

Case No. 19-23649 (RDD)

(Jointly Administered)

DECLARATION OF STEPHEN A. IVES

Under 28 U.S.C. § 1746, I, Stephen A. Ives, declare under the penalty of perjury that the following is true and correct:

1. I am the vice president of North Bay Associates (“North Bay”). North Bay provides tax and accounting services to members of the Raymond Sackler family (or, “Side B”), trusts established for their benefit, and certain entities directly or indirectly owned by such family members or trusts.

2. I supervise all accountants and others who provide services through North Bay Associates. I have served in this capacity for over 25 years.

3. Since 1975, I have been a certified public accountant and I am in good standing with the accounting licensing authority in Oklahoma.

4. I also am the vice president of Rosebay Medical Company, Inc. (“Rosebay”), which is the general partner of Rosebay Medical Company L.P., an indirect owner of Purdue Pharma L.P. that is associated with the Raymond Sackler family. Rosebay Medical Company, Inc. is a Shareholder Payment Party in the Shareholder Settlement Agreement, as those terms are defined in the *Sixth Amended Joint Chapter 11 Plan of Reorganization of Purdue Pharma L.P. and its Affiliated Debtors* [Docket No. 3185] (the “Plan”). Under the Plan, the Shareholder

Payment Parties will enter into the Shareholder Settlement Agreement on behalf of the shareholders of the Debtors.

5. I hold positions with additional trusts and entities that are Side B Shareholder

Payment Parties as follows:

- (a) AR Irrevocable Trust: Crystal Fiduciary Company LLC is the trustee of the AR Irrevocable Trust. Crystal Trust is the sole member of Crystal Fiduciary Company LLC. I am a trustee of Crystal Trust.
- (b) China Sea Company, Inc.: I am Assistant Secretary of China Sea Company, Inc.
- (c) G3A LLC: I am Vice President and Assistant Secretary of G3A LLC.
- (d) G3D LLC: I am Vice President and Assistant Secretary of G3D LLC.
- (e) G3R LLC: I am Vice President and Assistant Secretary of G3R LLC.
- (f) Meridian International, Ltd.: I am Vice President and Assistant Secretary of Meridian International Ltd.
- (g) RGT One LLC: I am Manager and Assistant Secretary of RGT One LLC.
- (h) RGT Two LLC: I am Manager and Assistant Secretary of RGT Two LLC.
- (i) RGT Three LLC: I am Manager and Assistant Secretary of RGT Three LLC.
- (j) JGT One LLC: I am the President, Secretary, and a Manager of JGT One LLC. I am also an officer of Cornice Fiduciary Management LLC, which is a Manager of JGT One LLC.
- (k) JGT Two LLC: I am the President, Secretary, and a Manager of JGT Two LLC. I am also an officer of Cornice Fiduciary Management LLC, which is a Manager of JGT Two LLC.
- (l) JGT Three LLC: I am the President, Secretary, and a Manager of JGT Three LLC. I am also an officer of Cornice Fiduciary Management LLC, which is a Manager of JGT Three LLC.
- (m) 1JM LLC: I am Vice President and Assistant Secretary of 1JM LLC.
- (n) 2JM LLC: I am Vice President and Assistant Secretary of 2JM LLC.
- (o) 3JM LLC: I am Vice President and Assistant Secretary of 3JM LLC.

- (p) Raymond R. Sackler Trust 1 dtd 12/23/89: I am an officer of Data LLC, which is the trustee of the Raymond R. Sackler Trust 1 dtd 12/23/89.
- (q) Raymond R. Sackler Trust 1B dtd 12/23/89: I am an officer of Data LLC, which is the trustee of the Raymond R. Sackler Trust 1B 12/23/89.
- (r) Trust under agreement dated December 23, 1980 f/b/o Richard S. Sackler: I am an officer of Data LLC, which is the trustee of the Trust under agreement dated December 23, 1980 f/b/o Richard S. Sackler.
- (s) Trust agreement dated December 3, 1979 f/b/o Richard S. Sackler: I am an officer of Data LLC, which is the trustee of the Trust under agreement dated December 3, 1979 f/b/o Richard S. Sackler.
- (t) Trust under agreement dated June 16, 1980 f/b/o Richard S. Sackler: I am an officer of Data LLC, which is the trustee of the Trust under agreement dated June 16, 1980 f/b/o Richard S. Sackler.
- (u) AJ Irrevocable Trust: I am an officer of Cornice Fiduciary Management LLC, which is the trustee of the AJ Irrevocable Trust.
- (v) JDS Revocable Pourover Trust: I am an officer of Cornice Fiduciary Management LLC, which is the trustee of the JDS Revocable Pourover Trust.
- (w) Raymond R. Sackler Trust 2 dtd 12/23/89: I am an officer of Cornice Fiduciary Management LLC, which is the trustee of the Raymond R. Sackler Trust 2 dtd 12/23/89.
- (x) Raymond R. Sackler Trust 2B dtd 12/23/89: I am an officer of Cornice Fiduciary Management LLC, which is the trustee of the Raymond R. Sackler Trust 2B dtd 12/23/89.
- (y) Trust under agreement dated December 23, 1980 f/b/o Jonathan D. Sackler: I am an officer of Cornice Fiduciary Management LLC, which is the trustee of the Trust under agreement dated December 23, 1980 f/b/o Jonathan D. Sackler.
- (z) Trust under agreement dated December 3, 1979 f/b/o Jonathan D. Sackler: I am an officer of Cornice Fiduciary Management LLC, which is the trustee of the Trust under agreement dated December 3, 1979 f/b/o Jonathan D. Sackler.
- (aa) Trust under agreement dated June 16, 1980 f/b/o Jonathan D. Sackler: I am an officer of Cornice Fiduciary Management LLC, which is the trustee of the Trust under agreement dated June 16, 1980 f/b/o Jonathan D. Sackler.
- (bb) Hudson Trust: I am an officer of Cornice Fiduciary Management LLC, which is the trustee of Hudson Trust.

- (cc) Irrevocable Trust under Declaration dated as of December 29, 1992: I am an officer of Cornice Fiduciary Management LLC, which is the trustee of the Irrevocable Trust under Declaration dated as of December 29, 1992.

North Bay's Role in Preparation of Huron Reports

6. On November 5, 2019, Purdue Pharma L.P. and certain of its affiliates that are debtors in possession in the above-captioned chapter 11 cases (collectively, the “Debtors”), the Official Committee of Unsecured Creditors appointed in the Debtors’ chapter 11 cases (the “UCC”), Beacon Company and Rosebay Medical Company L.P. entered into that certain *Amended and Restated Case Stipulation Among the Debtors, the Official Committee of Unsecured Creditors and Certain Related Parties* (the “Amended Stipulation”) [Docket No. 518].

7. The Amended Stipulation contemplated that the Shareholder Parties would provide the following to the legal and financial advisors to the Debtors and the UCC:

- (i) a report setting forth the net assets of the Initial Covered Sackler Persons,¹ which report will set forth the approximate aggregate value of the assets owned by category (e.g., cash, securities, real estate, private and other investments, etc.) and the approximate liabilities, also by category

See Amended Stipulation, ¶ 17(a).

8. Huron Consulting Services, LLC (“Huron”) prepared a report with respect to each of the Side B Initial Covered Sackler Persons (the “Net Assets Report”), which I understand from Side B legal advisors was presented to the parties to the Amended Stipulation and certain other invited parties on January 15, 2020. The Net Assets Report was as of October 31, 2019 and I understand from Side B legal advisors was also provided to legal representatives of the Debtors, the UCC, the Ad Hoc Group of Non-Consenting States, and the Ad Hoc Committee of Governmental and Other Contingent Litigation Claimants. North Bay assisted Huron in the

¹ For purposes of this declaration, “Initial Covered Sackler Person(s)” shall have the same meaning as set forth in the Amended Stipulation.

preparation of the Net Assets Report by providing the information on which the Net Assets Report was based.

9. Huron prepared an update to the Net Assets Report with respect to each Side B Initial Covered Sackler Person as of September 30, 2020 (the “Updated Net Assets Report”). I understand from Side B legal advisors that the Updated Net Assets Report was provided to the same parties as the Net Assets Report on March 1, 2021. North Bay assisted Huron in the preparation of the Updated Net Assets Report by providing the information on which the Updated Net Assets Report was based.

10. Huron prepared a second updated version of the Net Assets Report as of March 31, 2021 (the “March 31, 2021 Net Assets Report”). North Bay assisted Huron in the preparation of the March 31, 2021 Net Assets Report by providing the information on which the March 31, 2021 Net Assets Report was based. I understand from Side B legal advisors that the March 31, 2021 Net Assets Report was provided to the same parties as the Net Assets report and the Updated Net Assets Report on July 26, 2021.

11. I understand that the Net Assets Report, the Updated Net Assets Report, and the March 31, 2021 Net Assets Reports have also been submitted in the above-captioned proceedings as part of the Amended Expert Report of Timothy J. Martin, dated July 26, 2021, which was submitted in support of confirmation of the Plan.

12. North Bay, in the ordinary course of business, maintains the books and records of, and prepares monthly financial statements relating to, each of the Side B Initial Covered Sackler Persons set forth on Schedule A attached hereto. Generally, the balance sheets present the assets as follows:

- (i) Cash and Cash Equivalents: Book but reconciled to account statement balances.

- (ii) Accounts Receivable and Prepaid Investments: Expected receivables and amounts paid.
- (iii) Notes Receivable and Loans: Principal amounts outstanding.
- (iv) Marketable Securities and Hedge Funds: Closing prices for publicly-traded securities, valuations provided by fund managers or, in the absence of the foregoing, tax bases (e.g., cost bases).
- (v) Private Equity Investments: Valuations provided by fund managers, when available; otherwise, tax bases.
- (vi) Real Estate Investments: Valuations provided by fund managers, when available; otherwise, tax bases.
- (vii) Life Insurance – Surrender Value: Statement balances.
- (viii) Retirement Accounts: Statement balances.
- (ix) Residential Real Estate: Tax bases.
- (x) Artwork: Cost.
- (xi) Other Investments: Tax bases.

13. Generally, the balance sheets present the liabilities as follows:

- (i) Accounts Payable: Actual amounts owed and expected payments.
- (ii) Short-Term Debt: Principal amounts outstanding.
- (iii) Long-Term Debt: Principal amounts outstanding.
- (iv) Mortgage Debt: Principal amounts outstanding.

14. In connection with Huron's preparation of the Net Assets Report, the Updated Net Assets Report, and the March 31, 2021 Net Assets Report, North Bay provided to Huron forty-seven balance sheets (as of October 31, 2019 for the Net Assets Report, as of September 30, 2020 for the Updated Net Assets Report, and as of March 31, 2021 for the March 31, 2021 Net Assets Report) relating to the Side B Initial Covered Sackler Persons. These balance sheets were prepared in the ordinary course of business and it is a regularly conducted activity of North Bay to prepare reports of this nature. None of the balance sheets provided to Huron were altered for

the purposes of the Net Assets Report, Updated Net Assets Report, or March 31, 2021 Net Assets Report. The balance sheets used for the Reports, to the best of my knowledge, accurately present the assets and liabilities of each of the applicable Initial Covered Sackler Persons as of the above-mentioned dates.

15. To the best of my knowledge, there are no material transactions that were not properly recorded in the accounting records underlying the balance sheets provided to Huron as of the date thereof.

16. I have no knowledge of any error, fraud, or suspected error or fraud where the fraud or error could have a material effect on the balance sheets provided to Huron.

17. North Bay does not, in the ordinary course of business, prepare balance sheets relating to twelve of the Side B Initial Covered Sackler Persons, which consist of:

- (i) The RSS Revocable Pourover Trust, whose assets are reflected on the balance sheet of its beneficiaries;
- (ii) Four trusts,² whose only assets are remainder interests in residential real estate;
- (iii) Six trusts,³ whose only assets are interests in companies that serve as trustees for other Side B trusts, the books and records of which companies are maintained by a Wyoming service company;
- (iv) The DABB Trust, whose only assets are real estate investments.

18. In connection with Huron's preparation of the Net Assets Report, the Updated Net Assets Report, and the March 31, 2021 Net Assets Report, North Bay collected and provided to

² These four Initial Covered Sackler Persons are: the Trust under Declaration of Trust dated August 23, 1988 f/b/o Richard S. Sackler and Issue of Richard S. Sackler; Trust under Declaration of Trust dated December 17, 1991 f/b/o Richard S. Sackler and Issue of Richard S. Sackler; Trust under Declaration of Trust dated August 23, 1988 f/b/o Jonathan D. Sackler and Issue of Jonathan D. Sackler; and Trust under Declaration of Trust dated December 17, 1991 f/b/o Jonathan D. Sackler and Issue of Jonathan D. Sackler.

³ These six Initial Covered Sackler Persons are: the RSS Fiduciary Management Trust, Crystal Trust, MCM Fiduciary Management Trust, Data Trust, Cornice Trust, and the Cedar Cliff Trust.

Huron, in addition to the balance sheets described above, balance sheets prepared by third parties, as well as valuation assessments from public bodies.

19. In connection with Huron's preparation of the Net Assets Report, Updated Net Assets Report, and March 31, 2021 Net Assets Report, North Bay also provided Huron with the following information prepared by third parties relating to the Side B Initial Covered Sackler Persons:

- (i) Appraisals: Third-party appraisals of artwork, jewelry and certain real estate.
- (ii) Reserve Report Results: Summarized results of a third-party engineer's petroleum reserve report as of May 2019, May 2020, and March 2021.

20. North Bay provided Huron all information, such as financial records and related data, which Huron requested in connection with the preparation of the Net Assets Report, the Updated Net Assets Report, and the March 31, 2021 Net Assets Report.

The Shareholder Settlement Agreement

21. As a trustee or officer of the Side B Shareholder Payment Parties discussed in Paragraphs 4 and 5 above, I have authority over, or meaningful input into, the material decisions of these entities, including whether to enter into the Shareholder Settlement Agreement and contribute to payment of the Shareholder Settlement Amount.

22. I would not authorize the Side B Shareholder Payment Parties to enter into the Shareholder Settlement Agreement or contribute to the Shareholder Settlement Amount unless the Side B family members and related parties received in exchange the releases currently contemplated in the Plan. I understand that the releases release claims based on or relating to the Debtors against the Side B Sackler family members who are former directors of the Debtors (the "Side B Former Directors"), as well as claims against other Sackler family members (who never

had a meaningful role with the Debtors) and certain persons and entities associated with the Side B Former Directors (such as the Side B Shareholder Payment Parties; certain agents, employees, and advisors to the Side B family; trusts for the benefit of Sackler family members; and entities associated with or owned by Sackler family members).

23. Certain of the Side B Shareholder Payment Parties are trusts and entities whose owners and beneficiaries are not limited to the Side B Former Directors. I could not authorize these entities to contribute their assets to the Shareholder Settlement Amount without ensuring that all owners and beneficiaries of these entities receive releases in exchange for the contribution.

24. I believe that releases for all of these parties, including the family members, employees, partners, advisors, and entities set forth in Appendix H to the *Disclosure Statement for the Fifth Amended Plan of Reorganization of Purdue Pharma L.P. and its Affiliated Debtors* [Docket No. 2983] (the “Related Parties”), are necessary. It is my opinion, as a fiduciary for the Side B family, that the contribution of billions of dollars by Side B would not be wise or prudent without global peace for all Side B Related Parties.

25. My concerns about litigation against Related Parties, even those who never had a meaningful role with the Debtors, is not hypothetical. For example, I am aware Marianna Sackler, a Side B family member, was sued in litigation before the Debtors filed for bankruptcy protection, even though she was never an officer or director of Purdue and her involvement with Purdue was limited to a temporary, short-term position. She was also subjected to a full day deposition in these cases. I believe that litigation would continue against Related Parties, if not released, for many years to come.

26. As a fiduciary to the Side B family and the Side B Shareholder Payment Parties, I would not and could not, consistent with my fiduciary obligations, recommend that the Side B

Shareholder Payment Parties enter into the Shareholder Settlement Agreement or contribute to the Shareholder Settlement Amount without the releases currently contemplated in the Plan, including the releases of the Related Parties. My advice to the Side B Shareholder Payment Parties to enter into the Shareholder Settlement Agreement and contribute to the Shareholder Settlement Amount is expressly conditioned on the releases currently contemplated in the Plan.

Date: August 2, 2021



Stephen A. Ives

Schedule A

- Richard Sackler
- RSS Revocable Pourover Trust
- Trust under agreement dated December 3, 1979 f/b/o Richard S. Sackler (“RSS BRP Trust”)
- Trust under agreement dated June 16, 1980 f/b/o Richard S. Sackler (“RSS FPC Trust”)
- Trust under agreement dated December 23, 1980 f/b/o Richard S. Sackler (“RSS XPC Trust”)
- Trust Agreement dated August 29, 2003 f/b/o Issue of Richard S. Sackler
- Richard S. Sackler Trust U/A 9/30/04
- RSS Fiduciary Management Trust
- Jonathan Sackler
- JDS Revocable Pourover Trust
- Trust under agreement dated December 3, 1979 f/b/o Jonathan D. Sackler (“JDS BRP Trust”)
- Trust under agreement dated June 16, 1980 f/b/o Jonathan D. Sackler (“JDS FPC Trust”)
- Trust under agreement dated December 23, 1980 f/b/o Jonathan D. Sackler (“JDS XPC Trust”)
- Trust Agreement dated August 29, 2003 f/b/o Issue of Jonathan D. Sackler
- David Sackler
- Richard S. Sackler Trust f/b/o David A. Sackler 3/8/90
- The Estate of Beverly Sackler (d. October 14, 2019)
- Beverly Sackler Revocable Trust
- Trust U/A fbo Beverly Sackler (“74 Trust”)
- Raymond R. Sackler Trust 1 dtd 12/23/89 (“1A Trust”)
- Raymond R. Sackler Trust 2 dtd 12/23/89 (“2A Trust”)
- Raymond R. Sackler Trust 1B dtd 12/23/89 (“1B Trust”)
- Raymond R. Sackler Trust 2B dtd 12/23/89 (“2B Trust”)
- Trust B U/A fbo Beverly Sackler (“74B Trust”)
- The 1974 Irrevocable Investment Trust (“Investment Trust”)
- 1974 Irrevocable Trust fbo BS and RSS (“74-AR Trust”)
- 1974 Irrevocable Trust fbo BS and JDS (“74-AJ Trust”)
- AR Irrevocable Trust
- AJ Irrevocable Trust
- Beverly Sackler Trust 1 f/b/o David A. Sackler 12/20/1989 (“Gallo Trust 1”)
- Beverly Sackler Trust 2 f/b/o David A. Sackler 12/20/1989 (“Gallo Trust 2”)
- Beverly Sackler Trust 3 f/b/o David A. Sackler 12/20/1989 (“Gallo Trust 3”)
- Richard S. Sackler Life Insurance Trust
- Jonathan D. Sackler Life Insurance Trust

- Irrevocable Trust under Declaration dated as of September 19, 1995 f/b/o Issue of Richard S. Sackler
- David A. Sackler 2012 Trust
- Irrevocable Trust under Declaration dated as of April 25, 1991
- Irrevocable Trust under Declaration dated as of August 25, 1992
- The RSS 2012 Family Trust
- Raymond R. Sackler Credit Shelter Trust u/a 3/29/2012
- Raymond R. Sackler GST Exempt Marital Trust u/a 3/29/2012
- Rosebay Medical Company L.P.
- Rosebay Medical Company, Inc
- Linarite Holdings LLC
- Perthlite Holdings LLC
- Moonstone Holdings LLC
- Roselite Holdings LLC